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GOVERNMENT RAILROADS IN ALASKA

BY CARRINGTON WEEMS

UNPRECEDENTED opportunity will soon be given to observe the effects of a most abrupt transition from complete administrative neglect to a paternalistic policy in Federal undertakings hitherto untried in America. For thirty years all but utterly neglected, Alaska may now be expected to divert national attention even from the completed Panama Canal. Congress has authorized the President to build and operate Government railroads in Alaska. That great Northern Territory, slighted overlong, is about to become a convenient experimental ground for advanced governmental policies.

In addition to the provisions of the law itself, the discussion which it provoked during the long fight in both Houses is sufficient indication of what may be tried out on long-suffering Alaska. In the Senate an amendment was aggressively urged by Senator Norris of Kansas, calling for the purchase of some twenty steamships and the operation of a Government line in the Alaskan service. The Progressive Senator Poindexter of Washington argued the desirability of making of the Territory a huge civil-service bureau, operating mines, railroads, and steamship lines; and Senator Martine of New Jersey was, if anything, even more radical. Many members of the lower House also took a socialistic view of the situation.

For the executive arm, Secretary of the Interior Lane presumably speaking with the approval of the President, had already outlined in his first annual report another original scheme awaiting application to Alaska. It is for a board of directors appointed by Congress to develop and at the same time to conserve the natural resources of the country. Although Alaska now has her own territorial government, Mr. Lane would superimpose a local Federal

commission with supreme economic power divorced utterly from all political power—a novel experiment indeed from an American point of view.

Another innovation in store for Alaska is a leasing plan for her coal lands. This—the least doubtful experiment of the lot, in that such a plan has long been in successful operation in this country and elsewhere—was inevitable from the time that the coal areas of Alaska were withdrawn from entry and constituted a Government reserve. A bill bearing the approval of the Administration and now before Congress provides for the relief of Alaska by the development of her coal resources. Whether this belated proposal which logically had precedence over all the other experiments on the Administration's Alaska programme is to become law remains to be seen. Had this bill been given the early attention it deserved, it is very doubtful whether there would have been any excuse whatsoever for the more radical legislation.

But a less defensible order of procedure was followed by Congress in electing to experiment first with Government railways in Alaska. The conduct of experiment one is now in the hands of the President, to whom has been given the broadest possible powers.

The law provides for the construction of not more than one thousand miles of road connecting tidewater of the Alaska Gulf with the Yukon River, at a cost not to exceed \$35,000,000. In its own phraseology he is to select those lines which will "best promote the settlement of Alaska, develop its resources, and provide adequate and suitable transportation for coal for the army, navy, and other Government services, of troops, arms, and munitions of war; of the mails, and for other Government and public uses, together with such branch lines, feeders, sidings, switches, and spurs as he may deem necessary."

The President is also empowered to locate and build docks and wharves and terminal facilities and to equip and operate the road. In the matter of operation a proviso in the bill permits him to grant for not more than twenty years a contract lease, or to employ the Government-owned Panama Railroad Company—potentially a very useful instrument in governmental railway experiments.

These, then, are the outstanding features of a law which because of the great size of the expenditure involved—the more to be avoided in a year when the national deficit is

estimated at \$25,000,000—and the novel policy embodied, is one of the most important pieces of legislative work this present Congress has performed. By many of its proponents it has been hailed as the establishment of a policy of Government ownership in a public utility, and many of those who did not actively oppose it expressed the hope and conviction that by meeting with disaster and reproach in Alaska it would save the rest of this country from any further application of that very policy.

Why so extreme a measure as the Alaska Railroad Bill became law during this session is worth considering. Authorization for the expenditure of \$35,000,000 for the construction and operation of a government railroad in Alaska may be a true enough indication of how far the present Democratic Congress is tinctured with paternalistic ideas. But that fact by no means carries a sufficient explanation of the adoption by Congress of an expensive and untried scheme which to an unprejudiced mind having knowledge of Alaska must appear absolutely uncalled for.

The principal influences discernible were three. The rapidly growing national conviction that Alaska's appeals for relief had been too long disregarded was the occasion. An ungrounded fear of the monopolization of the Territory and its transportation facilities—ably aggravated by the promoters of the bill—was its excuse. The explanation offered was the increased need in the Pacific for naval coal, due to the completion of the Panama Canal.

Powerful political factors were also at work for the bill, notwithstanding the effort to make it appear a non-partisan measure. Aggressively pushed by the Western Senators and Congressmen to whose States the expenditure of so vast a sum in Alaska appealed for obvious reasons, the interests of the others—most of whom frankly admitted their utter ignorance of all Alaska's problems—were not deep-seated enough to develop a vigorous opposition. This was particularly true because the bill was a near enough approximation of the President's avowed policy to identify it completely with the Administration. The Baltimore platform was also invoked in its favor.

The business organizations of the Pacific Coast were influential. They had not been slow to see glittering possibilities. Seattle was, of course, a leading Western sponsor.

When the bill came to a vote in the Senate the disinte-

grated character of the opposition constituted its greatest weakness. Senator Nelson of Minnesota, Senator Dillingham of Vermont, and Senator Lippitt of Rhode Island were among the few in the chamber who knew Alaskan conditions well enough to attack the measure on the ground of its impracticability. Senators Smith and Bacon of Georgia opposed the extravagance of the expenditure, while Senator Williams of Mississippi, who really led the fight against it, placed the emphasis of his protest upon what he considered the political unwisdom of Government ownership of railroads. In the House the opposition developed along the same lines, but the strength of the Administration secured the bill's passage by a preponderant vote.

However strong may be the arguments against government ownership, they proved arguments to which the present Congress was disposed to turn a deaf ear. As political and economic objections they are general and lie outside the limitations of this article. The Alaska Railroad Law itself is open to enough serious defects fully apparent to those who have an acquaintance with that Territory and its people.

First, however, for a brief review, Alaska's setbacks—apart from the very real ones attributable to nature—began in November, 1906, when by executive order President Roosevelt closed to entry the vast areas of Government land underlain with coal. From that day to this the ban has not been lifted, so great was the hue and cry against monopoly; nor has the Land Office dared to grant coal-land patents to the applicants whose claims were previously filed and whose first payments, amounting to several hundred thousand dollars, are still retained by the Government.

Alaska at a critical stage in her development was unlucky enough to be the field for that unavoidable conflict between the new and the old ideas of opening up public land. The natural protest against the slipshod methods of pioneer days was voiced in the cry for conservation.

After the conservation controversy was over—with misrepresentation aplenty on both sides—hysterical counsels had prevailed. To Alaska was left the rancor and prejudice which have yet to disappear. From the day of the Pinchot-Ballinger dispute railroad enterprises have languished for want of fuel and tonnage. Coal has been imported at an almost prohibitive cost. Industrial develop-

ment has halted. Population has increased practically not at all. Still suffering from acute conservation, Alaska is to-day where she was then. The Guggenheim monopoly bogie has lost little of its potency. From year to year relief has been denied largely through belief in a myth which has rested on the land like a curse. All that has been necessary to block any legislation looking to the solution of the coal and land problem in Alaska has been to raise the cry that the Guggenheims were to profit thereby. Now ironically enough the measure which has finally become law is one very certain to redound to their advantage in taking off their hands by governmental purchase an expensive railroad property, admittedly a white elephant.

Neither careful investigation nor long-standing acquaintance with the facts in the case has ever furnished adequate reason for the hue and cry against monopoly that was raised, not in Alaska, but by avowed friends outside.

In any event, the courts disposed of the question. The Cunningham claims, less than one-eighth, and that not the pick of the Bering River coal-fields, were plainly illegal under the existing law forbidding association of claims—a law, by the way, which could not be lived up to in the actual practice of coal-mining, so small was the apportionment of land to each claim. With them disappeared even the remote possibility of Guggenheim interests gaining control of an Alaskan coal-field.

Since then the plain duty has faced Congress of devising a method by which Alaska coal could be utilized without risking its monopolization by individuals. That was seven years ago, and Congress has done nothing.

The Guggenheim monopoly of transportation is another myth of long standing. An ingenious slogan devised by James Wickersham, the delegate from Alaska, was used to good advantage by the leaders in the fight in Congress. "Guggenheim or Government" was the alliterative alternative it offered, and members ignorant of the facts and genuinely desirous of helping along the Territory's development made the best, as they supposed, of a poor choice.

The forced appearance of a monopoly ought perhaps to be explained.

So impenetrable is the mountainous coast line of Alaska that only two routes are available for an all-American railroad to the interior. Only the valleys of the Copper River

and the Sushitna River meet every practical demand. The first has been utilized by the Alaska Syndicate in the construction of the Copper River and Northwestern Railway from Cordova to Chitina, with a branch to its Bonanza Copper Mine at Kennicott—about 200 miles in all. The other route, of which Seward on Resurrection Bay is the tidewater terminus, was the scene of a railroad undertaking that after several financial disasters collapsed entirely in 1908. This road, seventy-one miles of which were built, was backed by Chicago capitalists whose aim was to reach the Matanuska coal-fields, one hundred and eighty miles inland, by a route admitting of extension into the Tanana and Yukon River valleys. The Alaska Northern—as the road was finally called—had no connection whatsoever with the Morgan-Guggenheim project; it was in fact a rival enterprise.

Now comes that which gives false color to the claims of the shouting anti-monopolists. When the Alaska Northern succumbed to its financial troubles, due largely to the closing to entry of the coal-fields, the bulk of its bonds were in the hands of the Sovereign Bank of Canada, in which the Morgan house happened to own stock, retained in the liquidating company, formed when the bank failed. The Morgan firm is without representation on its board and has no hand in its management. This remote connection is the only ground for the ill-founded belief that the Alaska syndicate controls both routes to interior Alaska.

That the syndicate could control the transportation to and from the Bering River coal-fields was a claim made by the most reckless of the agitators. It hardly merits attention. A feasible branch-line route into that field has been surveyed from the Copper River and Northwestern; but, far from bolstering up a monopoly, that line would be lucky to get a portion of the coal-hauling business, so much more cheaply could it be handled by the Controller Railway and Navigation Company, across the Bering River Delta to Controller Bay. That this bay offers adequate harbor facilities was not known when the Guggenheim interests made Cordova their port of entry. As for any identity of interest between this company and the Guggenheim syndicate, not a shred of evidence supports the claim. Against it is the full weight of opinion of those who know the local history of the two enterprises and the sworn testimony of officials of the two companies.

A similar claim has been made in regard to ocean and river steamship lines; it is similarly disproved. The single company known to have connections with the Alaska syndicate is the Alaska Steamship Company, in which the syndicate owns forty-one per cent. of capital stock. There are several independent companies doing a good business and their interests are protected by the Interstate Commerce Commission and the courts. On this showing the Guggenheims are said to have Alaska by the throat!

If they have a monopoly of any kind in Alaska, it is yet to be discovered. The one commodity that claims their particular interest is copper. But even so, several independent copper properties are being advantageously worked.

As Senator Lippitt of Rhode Island, a member of the Committee on Territories which considered the bill, said to the Senate:

I have studied the testimony as carefully as I know how, and I think that no more unfounded, frivolous charge of monopoly was ever put forward, and that it is nothing more than an attempt to stampede the judgment of the country in favor of this step toward Government ownership of railroads by influencing them to believe that no other power can open Alaska.

How then could Alaska have been opened? What should now be done to give the Territory the relief long sought, promised in the present Administration's Baltimore platform, and not assured even by a government railroad?

First of all, give the Territory the public land laws so many years denied. No other nation could have so grossly neglected a distant possession. What is necessary to remove the abnormal conditions which have existed in Alaska for seven years, is to adopt a system of public land classification and regulation under which the vast areas now closed to entry may become available to settlers. While it is not generally known, the blanket withdrawals of Government land in Alaska comprise practically all that is believed to contain coal, oil, forest products, and medicinal springs. In addition there are large reservations for railroad, military, and naval purposes; for Indians, agricultural experiment stations, and the like. And very many of these generously bounded reservations overlap. At any time a leasing system might have been adopted by the Government with limitations preventing monopoly and safeguarding the public interest. But the powers at Washington

did none of these things. Simple measures were pushed aside without trial for a radical piece of legislation which involves an initial expenditure—no one supposes that it is anything but that—equal to about four-fifths of what they expect annually from the Income Tax.

Walter L. Fisher, Secretary of the Interior under President Taft, who visited Alaska to study the situation, warmly espoused the leasing system for Alaska coal lands, and summarized his conclusions in a Department bulletin.

Besides throwing open Alaska coal deposits to a just exploitation, the proposed leasing plan would dispose automatically of the immediate railroad needs. Secretary Fisher, fresh from his first-hand study of the situation, testified before the Senate Committee that if an act were passed making provision for the disposition of the coal lands under a leasing system, private interests, in his opinion, would construct lines to carry out the coal from the Bering and the Matanuska coal-fields.

The Controller Railway and Navigation Company and the Alaska Northern testified that they were ready to begin construction as soon as the coal became available. With the tonnage derived from the coal and the stimulus given by a cheap fuel to the industries of the country, there is every reason to believe that the ordinary inducements for extending railroads into new territory would have brought them to the heart of Alaska in good season.

In the mean time the needs which may well be created by the Panama Canal and the naval problems which will develop therefrom, can be easily met. A naval coal-supply station on the Alaska coast, situated in a commanding position on the North Pacific, is possible without any such railroad-building programme as has been authorized. Private lines from the Bering field to a naval station on Controller Bay would have been one solution. Or, now that it has been thought desirable to have a Government road connecting a Government coal-mine with a Government coaling-station, such construction is simplicity itself. A road thirty miles long would cost less than a million dollars, and dock facilities for handling two million tons of coal annually would add only a half-million dollars more. This line would command the Alaska market by tapping an inexhaustible supply of coal with a straight, almost level line not much more than twenty-five miles long.

The character and quality of the coal of Bering field cannot be determined with finality until the almost negligible prospecting work shall have been extended. At present the writer, who knows the field, sees no reason to doubt the evidence given by Dr. Alfred H. Brooks, Chief of the Division of Alaskan Mineral Resources of the Geological Survey, that the chemical composition of the anthracite and the bituminous coals found therein is similar, respectively, to the best Pennsylvania and Appalachian products. How much of the coal deposits may be "crushed" only development can tell. There is no question that, for various reasons, the recent naval tests of Bering River coal were quite unsatisfactory.

As stated in the minority report to the House: "Alaska needs, more than anything else, clear-headed, patriotic attention looking to the early revision of her land and mineral laws. . . . The construction of a railroad will in no sense solve this problem." That Alaskans themselves made a show of desiring a Government road was due to their despair of relief in the natural, logical manner. Their Territorial Senators did not fail to put themselves on record as believing that the majority of their constituents were opposed to government ownership of railways in Alaska.

In order to consider another aspect of the Alaska Railroad Law, the foregoing argument may be disregarded and the assumption made that for Alaska's salvation it was necessary for the Federal Government to undertake the construction and operation of a transportation system. Is not the scheme authorized impractical? Was not the law hastily and unwisely enacted?

It could be easily shown that the cost of constructing and maintaining a standard railroad, such as the Government would build, is several times the cost of similar construction within the States. The Copper River and Northwestern Railway is a line less than two hundred miles long. As it stands to-day it represents an expense to the Alaska syndicate of more than twenty million dollars. The annual cost of its upkeep is a handsome tribute to storms, snow-slides, and flooded glacial streams. The estimates upon which the law is based rest upon figures hastily gathered by the Alaska Railroad Commission. On most of the lines involved surveys are yet to be made. It cannot be doubted

that the ultimate cost of a government line will enormously exceed these estimates. For a thousand miles of first-class railroad in Alaska—to say nothing of terminal facilities, equipment, and maintenance—forty million dollars is only a starter—a small first payment. As there are only about sixty thousand people in the Territory, from one far corner to another,—a little more than half of them are white,—the expenditure authorized for the Government line represents a rather too substantial per capita benefit. It is true that the increase in population by settlement is one of the things the project is expected to accomplish, but it should be remembered that in a region so vast not one thousand—the figure set by law—but ten thousand miles of railroad will be necessary for systematic development, once the President has committed himself to that policy.

This question of mileage raises an objection. And as so many miles of transportation lines are needed for even a first development, where the demand made upon them would be slight, there is reason in the contention that instead of the expensive trunk line, a network of cheaply built narrow-gauge roads or trails and wagon roads should be constructed to serve a better purpose for a fraction of the cost. Two or three million dollars expended by the Alaska Road Commission (the Federal Bureau responsible for roads and trails) might make an admirable beginning.

Those who disregard the enormous outlay to which the Federal Government will obligate itself in maintaining railroads in Alaska at its present stage of development have deluded themselves with respect to the returns. Efforts were made on the floor of both Houses to prove the existence of a profitable tonnage for the proposed carriers. No such tonnage exists, nor will exist for years to come. An analysis of Alaska's exports is illuminating on this point. Since 1867, something like \$500,000,000 in exports have been drawn from Alaska. Of this amount about half were furs and sea products. The other half was mineral wealth, almost entirely gold. About the same proportions were maintained during the year 1912, when Alaska's productions, fairly well measured in her exports, amounted to \$40,354,178. In other words, practically no exports represented tonnage for railroads. In all, it is safe to say that the tonnage coming out of the interior, to which the

Government will build, does not nearly amount in the course of a year to the equivalent of one good train-load.

As for agriculture, usually the chief contributor to railroad development, practically nothing in the way of tonnage can ever be looked for from that source, notwithstanding the emphasis laid there by promoters of the railway scheme. The claims made for the interior of Alaska as a producer of foodstuffs are not even supported by the testimony of Agricultural Department officials, who are enthusiastically endeavoring to develop by selective processes plant life hardy enough to withstand the rigors of soil and climate. The average Alaskan is still less sanguine.

It is true that certain rapidly maturing vegetables can be grown there with striking success. Most grains, too, can with somewhat less assurance be grown to the point where they have value when cut for hay. Rye and barley are even matured in some specially favored sections and under restrictions which will always limit the production. Intensive gardening on a small scale may in the future provide the bulk of the food-supply needed by a population which for generations is destined to be scanty. But in all fairness it must be conceded that everything is against Alaska as a home for the agriculturalist.

Government reports are highly unfavorable. Two of the six experimental stations established were abandoned, after it had been proved through some years that grain could be successfully matured at neither. As conceded in these reports, Alaskan soils are not rich in available plant food, being largely of glacial origin; fertilizers are practically necessary. In the interior the virgin soil is frozen to bed rock. The cost of clearing the ground and thawing it out by repeated plowings is equivalent to the price of good farm land in the States. The growing season for plant life in the interior ranges from barely fifty days in the eastern section to one hundred and twenty days in the western. At Fairbanks, for instance, one of the least unpromising farming regions, frost occurred as early as July 31st in 1910, and reappeared four times in the succeeding August.

Another factor which can be expected to put off indefinitely the agricultural development of Alaska is its natural inability to compete in a market bountifully supplied from the outside by a Government railroad. For all the profit

will melt overnight on those small farms, out of whose operations so much has been made in picturing agricultural possibilities as soon as natural blockades against the importation of supplies are removed.

In the face of such conditions it is unbelievable that Alaska will attract an agricultural population of any consequence, while only twenty-seven per cent. of the tillable land of the United States is under cultivation and good farmlands, are available for fifty dollars an acre.

The raising of cattle and stock, which has not been an encouraging enterprise—excepting reindeer, for whom vast areas of pasturage are available in Alaska—offers as poor a prospect of providing outgoing freight as cultivation of the ground. Nor does the exploitation of the very scanty timber which the interior of Alaska possesses offer any inducement to a possible shipper. The forests of the central section are of the woodland type, and while some forty million acres bear timber suitable for lumber and fuel, the trees are small. With anything like the degree of settlement which is predicted for the country there will not be enough timber for Alaska's own needs, even of the spruce which constitutes the bulk of the four million or so board feet of low-grade lumber now being cut annually for the mills of the interior. It will always be found necessary to import high grades of lumber for building.

Nowhere can an unbiased survey disclose a source of tonnage which will make the operation of a Government railroad in Alaska anything but an appalling expense for many years to come if not indefinitely. Judged only as a business proposition, the expenditure of \$35,000,000 for railways in Alaska under present conditions has nothing to commend it.

As for serving the cause of the people against the so-called monopolists in Alaska, it is difficult to see how any could suffer less or profit more than they whose shadow has rested so long on the Territory. They will find themselves at once fairly relieved of the burden of keeping up a railroad whose maintenance costs them dearly every year, and assured of regular service and equitable freight-rates between their mines and tidewater, which is more than they have ever had in the past.

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